

By: Representative Read

To: Ways and Means

HOUSE BILL NO. 321

1 AN ACT TO AUTHORIZE THE ISSUANCE OF \$45,000,000.00 IN STATE  
 2 GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR CAPITAL IMPROVEMENTS  
 3 AT THE STATE-OWNED SHIPYARD LOCATED IN JACKSON COUNTY,  
 4 MISSISSIPPI; TO PROVIDE THAT THE ISSUANCE OF SUCH BONDS SHALL BE  
 5 CONDITIONED ON THE LESSEE INCURRING A CERTAIN AMOUNT OF DEBT  
 6 AND/OR DEDICATING A CERTAIN AMOUNT OF FUNDS FOR CAPITAL  
 7 IMPROVEMENTS, CAPITAL INVESTMENTS OR CAPITAL UPGRADES TO SHIPYARDS  
 8 IN MISSISSIPPI OWNED OR LEASED BY SUCH LESSEE; AND FOR RELATED  
 9 PURPOSES.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

11 **SECTION 1.** (1) As used in this section, the following words  
 12 shall have the meanings ascribed herein unless the context clearly  
 13 requires otherwise:

14 (a) "Accreted value" of any bonds means, as of any date  
 15 of computation, an amount equal to the sum of (i) the stated  
 16 initial value of such bonds, plus (ii) the interest accrued  
 17 thereon from the issue date to the date of computation at the  
 18 rate, compounded semiannually, that is necessary to produce the  
 19 approximate yield to maturity shown for bonds of the same  
 20 maturity.

21 (b) "Commission" means the State Bond Commission.



22 (c) "State shipyard" means the shipyard property owned  
23 by the state and located in Jackson County, Mississippi.

24 (d) "State" means the State of Mississippi.

25 (e) "Authority" means the Mississippi Development  
26 Authority.

27 (2) (a) (i) A special fund, to be designated as the "2018  
28 State Shipyard Improvement Fund," is created within the State  
29 Treasury. The fund shall be maintained by the State Treasurer as  
30 a separate and special fund, separate and apart from the General  
31 Fund of the state. Unexpended amounts remaining in the fund at  
32 the end of a fiscal year shall not lapse into the State General  
33 Fund, and any interest earned or investment earnings on amounts in  
34 the fund shall be deposited into such fund.

35 (ii) Monies deposited into the fund shall be  
36 disbursed, in the discretion of the authority, to pay the costs  
37 incurred in making such capital improvements at the state shipyard  
38 as are considered by the authority to be part of the five-year  
39 plan to modernize the state shipyard and keep it competitive with  
40 other shipyards.

41 (iii) Monies in the special fund may be used to  
42 reimburse reasonable actual and necessary costs incurred by the  
43 authority in providing assistance related to a project for which  
44 funding is provided under this act. The authority shall maintain  
45 an accounting of actual costs incurred for each project for which  
46 reimbursements are sought. Reimbursements under this paragraph



47 shall not exceed Three Hundred Thousand Dollars (\$300,000.00) in  
48 the aggregate. Reimbursements under this paragraph shall satisfy  
49 any applicable federal tax law requirements.

50 (iv) Monies in the special fund may be used to  
51 reimburse reasonable actual and necessary costs incurred by the  
52 Department of Audit in providing services related to a project for  
53 which funding is provided under this act. The Department of Audit  
54 shall maintain an accounting of actual costs incurred for each  
55 project for which reimbursements are sought. The Department of  
56 Audit may escalate its budget and expend such funds in accordance  
57 with rules and regulations of the Department of Finance and  
58 Administration in a manner consistent with the escalation of  
59 federal funds. Reimbursements under this paragraph shall not  
60 exceed One Hundred Thousand Dollars (\$100,000.00) in the  
61 aggregate. Reimbursements under this paragraph shall satisfy any  
62 applicable federal tax law requirements.

63 (b) Amounts deposited into such special fund shall be  
64 disbursed to pay the costs of the projects described in this  
65 subsection. If any money in the special fund is not used within  
66 four (4) years after the date the proceeds of the bonds authorized  
67 under this act are deposited into the fund, then the authority  
68 shall provide an accounting of the unused monies to the  
69 commission. Promptly after the commission has certified, by  
70 resolution duly adopted, that the projects described in this  
71 subsection shall have been completed, abandoned, or cannot be



72 completed in a timely fashion, any amounts remaining in such  
73 special fund shall be applied to pay debt service on the bonds  
74 issued under this act, in accordance with the proceedings  
75 authorizing the issuance of such bonds and as directed by the  
76 commission. Before money in the special fund may be used for the  
77 projects described in this subsection, the authority shall require  
78 that the lessee of the shipyard enter into binding commitments  
79 regarding at least the following:

80 (i) That the lessee shall maintain a certain  
81 minimum number of jobs and/or economic impact over a certain  
82 period of time as determined by the authority (any required jobs  
83 must be held by persons eligible for employment in the United  
84 States under applicable state and federal law); and

85 (ii) That if the lessee fails to satisfy any such  
86 commitments, the lessee must repay an amount equal to all or a  
87 portion of the funds provided by the state under this act as  
88 determined by the authority.

89 (3) (a) The commission, at one time, or from time to time,  
90 may declare by resolution the necessity for issuance of general  
91 obligation bonds of the State of Mississippi to provide funds for  
92 all costs incurred or to be incurred for the purposes described in  
93 subsection (2) of this section. No bonds shall be issued under  
94 this act until the authority is provided proof that the lessee of  
95 the shipyard has incurred debt or has otherwise irrevocably  
96 dedicated funds or a combination of debt and funds in the amount



97 of not less than Ninety Million Dollars (\$90,000,000.00) used by  
98 the lessee in calendar year 2006 or thereafter, for capital  
99 improvements, capital investments or capital upgrades at  
100 facilities in Jackson County, Mississippi, owned or leased by the  
101 lessee. The debt or dedication of funds or combination of debt  
102 and funds required of the lessee under this section shall be in  
103 addition to any debt or funds required of the lessee under Section  
104 4 of Chapter 501, Laws of 2003, Section 4 of Chapter 1, Laws of  
105 2004 Third Extraordinary Session, and Section 4 of Chapter 475,  
106 2006 Regular Session, Section 17, Chapter 472, Laws of 2015, and  
107 Section 25, Chapter 511, Laws of 2016. In addition, no bonds  
108 shall be issued under this act until the authority has certified  
109 that the lessee has satisfied the minimum jobs requirements of  
110 Section 3(2) of Chapter 501, Laws of 2003, Section 3(2) of Chapter  
111 1, Laws of 2004 Third Extraordinary Session, and Section 3 of  
112 Chapter 475, 2006 Regular Session. Upon the adoption of a  
113 resolution by the authority, declaring that the lessee has  
114 incurred the required amount of debt and/or irrevocable dedication  
115 of funds and maintained the required minimum number of jobs and/or  
116 economic impact and declaring the necessity for the issuance of  
117 any part or all of the general obligation bonds authorized by this  
118 section, the authority shall deliver a certified copy of its  
119 resolution or resolutions to the commission. Upon receipt of such  
120 resolution, the commission, in its discretion, may act as the  
121 issuing agent, prescribe the form of the bonds, determine the



122 appropriate method for sale of the bonds, advertise for and accept  
123 bids or negotiate the sale of the bonds, issue and sell the bonds  
124 so authorized to be sold, and do any and all other things  
125 necessary and advisable in connection with the issuance and sale  
126 of such bonds. The total amount of bonds issued under this act  
127 shall not exceed Forty-five Million Dollars (\$45,000,000.00). No  
128 bonds shall be issued under this section after July 1, 2022.

129 (b) Any investment earnings on amounts deposited into  
130 the special fund created in subsection (2) of this section shall  
131 be used to pay debt service on bonds issued under this section, in  
132 accordance with the proceedings authorizing issuance of such  
133 bonds.

134 (4) The principal of and interest on the bonds authorized  
135 under this section shall be payable in the manner provided in this  
136 subsection. Such bonds shall bear such date or dates, be in such  
137 denomination or denominations, bear interest at such rate or rates  
138 (not to exceed the limits set forth in Section 75-17-101,  
139 Mississippi Code of 1972), be payable at such place or places  
140 within or without the State of Mississippi, shall mature  
141 absolutely at such time or times not to exceed twenty-five (25)  
142 years from date of issue, be redeemable before maturity at such  
143 time or times and upon such terms, with or without premium, shall  
144 bear such registration privileges, and shall be substantially in  
145 such form, all as shall be determined by resolution of the  
146 commission.



147           (5) The bonds authorized by this section shall be signed by  
148 the chairman of the commission, or by his facsimile signature, and  
149 the official seal of the commission shall be affixed thereto,  
150 attested by the secretary of the commission. The interest  
151 coupons, if any, to be attached to such bonds may be executed by  
152 the facsimile signatures of such officers. Whenever any such  
153 bonds shall have been signed by the officials designated to sign  
154 the bonds who were in office at the time of such signing but who  
155 may have ceased to be such officers before the sale and delivery  
156 of such bonds, or who may not have been in office on the date such  
157 bonds may bear, the signatures of such officers upon such bonds  
158 and coupons shall nevertheless be valid and sufficient for all  
159 purposes and have the same effect as if the person so officially  
160 signing such bonds had remained in office until their delivery to  
161 the purchaser, or had been in office on the date such bonds may  
162 bear. However, notwithstanding anything herein to the contrary,  
163 such bonds may be issued as provided in the Registered Bond Act of  
164 the State of Mississippi.

165           (6) All bonds and interest coupons issued under the  
166 provisions of this section have all the qualities and incidents of  
167 negotiable instruments under the provisions of the Uniform  
168 Commercial Code, and in exercising the powers granted by this  
169 section, the commission shall not be required to and need not  
170 comply with the provisions of the Uniform Commercial Code.



171           (7) The commission shall act as issuing agent for the bonds  
172 authorized under this section, prescribe the form of the bonds,  
173 determine the appropriate method for sale of the bonds, advertise  
174 for and accept bids or negotiate the sale of the bonds, issue and  
175 sell the bonds so authorized to be sold, pay all fees and costs  
176 incurred in such issuance and sale, and do any and all other  
177 things necessary and advisable in connection with the issuance and  
178 sale of such bonds. The commission is authorized and empowered to  
179 pay the costs that are incident to the sale, issuance and delivery  
180 of the bonds authorized under this section from the proceeds  
181 derived from the sale of such bonds. The commission may sell such  
182 bonds on sealed bids at public sale or may negotiate the sale of  
183 the bonds for such price as it may determine to be for the best  
184 interest of the State of Mississippi. All interest accruing on  
185 such bonds so issued shall be payable semiannually or annually.

186           If such bonds are sold by sealed bids at public sale, notice  
187 of the sale shall be published at least one (1) time, not less  
188 than ten (10) days before the date of sale, and shall be so  
189 published in one or more newspapers published or having a general  
190 circulation in the City of Jackson, Mississippi, selected by the  
191 commission.

192           The commission, when issuing any bonds under the authority of  
193 this section, may provide that bonds, at the option of the State  
194 of Mississippi, may be called in for payment and redemption at the



195 call price named therein and accrued interest on such date or  
196 dates named therein.

197 (8) The bonds issued under the provisions of this section  
198 are general obligations of the State of Mississippi, and for the  
199 payment thereof the full faith and credit of the State of  
200 Mississippi are irrevocably pledged. If the funds appropriated by  
201 the Legislature are insufficient to pay the principal of and the  
202 interest on such bonds as they become due, then the deficiency  
203 shall be paid by the State Treasurer from any funds in the State  
204 Treasury not otherwise appropriated. All such bonds shall contain  
205 recitals on their faces substantially covering the provisions of  
206 this subsection.

207 (9) Upon the issuance and sale of bonds under the provisions  
208 of this section, the commission shall transfer the proceeds of any  
209 such sale or sales to the special fund created in subsection (2)  
210 of this section. The proceeds of such bonds shall be disbursed  
211 solely upon the order of the Department of Finance and  
212 Administration under such restrictions, if any, as may be  
213 contained in the resolution providing for the issuance of the  
214 bonds.

215 (10) The bonds authorized under this section may be issued  
216 without any other proceedings or the happening of any other  
217 conditions or things other than those proceedings, conditions and  
218 things which are specified or required by this section. Any  
219 resolution providing for the issuance of bonds under the



220 provisions of this section shall become effective immediately upon  
221 its adoption by the commission, and any such resolution may be  
222 adopted at any regular or special meeting of the commission by a  
223 majority of its members.

224 (11) The bonds authorized under the authority of this  
225 section may be validated in the Chancery Court of the First  
226 Judicial District of Hinds County, Mississippi, in the manner and  
227 with the force and effect provided by Chapter 13, Title 31,  
228 Mississippi Code of 1972, for the validation of county, municipal,  
229 school district and other bonds. The notice to taxpayers required  
230 by such statutes shall be published in a newspaper published or  
231 having a general circulation in the City of Jackson, Mississippi.

232 (12) Any holder of bonds issued under the provisions of this  
233 section or of any of the interest coupons pertaining thereto may,  
234 either at law or in equity, by suit, action, mandamus or other  
235 proceeding, protect and enforce any and all rights granted under  
236 this section, or under such resolution, and may enforce and compel  
237 performance of all duties required by this section to be  
238 performed, in order to provide for the payment of bonds and  
239 interest thereon.

240 (13) All bonds issued under the provisions of this section  
241 shall be legal investments for trustees and other fiduciaries, and  
242 for savings banks, trust companies and insurance companies  
243 organized under the laws of the State of Mississippi, and such  
244 bonds shall be legal securities which may be deposited with and



245 shall be received by all public officers and bodies of this state  
246 and all municipalities and political subdivisions for the purpose  
247 of securing the deposit of public funds.

248 (14) Bonds issued under the provisions of this section and  
249 income therefrom shall be exempt from all taxation in the State of  
250 Mississippi.

251 (15) The proceeds of the bonds issued under this section  
252 shall be used solely for the purposes herein provided, including  
253 the costs incident to the issuance and sale of such bonds.

254 (16) The State Treasurer is authorized, without further  
255 process of law, to certify to the Department of Finance and  
256 Administration the necessity for warrants, and the Department of  
257 Finance and Administration is authorized and directed to issue  
258 such warrants, in such amounts as may be necessary to pay when due  
259 the principal of, premium, if any, and interest on, or the  
260 accreted value of, all bonds issued under this section; and the  
261 State Treasurer shall forward the necessary amount to the  
262 designated place or places of payment of such bonds in ample time  
263 to discharge such bonds, or the interest thereon, on the due dates  
264 thereof.

265 (17) This section shall be deemed to be full and complete  
266 authority for the exercise of the powers herein granted, but this  
267 section shall not be deemed to repeal or to be in derogation of  
268 any existing law of this state.



269           (18) All improvements made to the state shipyard with the  
270 proceeds of bonds issued pursuant to this act shall, as state  
271 owned property, be exempt from ad valorem taxation, except ad  
272 valorem taxation for school district purposes.

273           **SECTION 2.** This act shall take effect and be in force from  
274 and after July 1, 2018.

